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PRIMARY CARE AMENDMENTS 1985

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Mr. HATCH, from the Committee on Labor and Human Resources, submitted the following

REPORT

[To accompany S. 1282]

The Committee on Labor and Human Resources, to which was referred the bill (S.1282) to revise and extend provisions of the Public Health Service Act relating to primary care, having considered the same, Reports favorably thereon without amendment and recommends that the bill do pass.

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I. SUMMARY OF THE BILL

EXTENSION OF THE COMMUNITY HEALTH CENTER PROGRAM

S. 1282 extends the community health center (CHC) program for three fiscal years and authorizes appropriations of $405 million for fiscal year 1986, $437 million for fiscal year 1987, and $472 million for fiscal year 1988.

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MEMORANDUM OF AGREEMENT

The reauthorization of the CHC program includes provisions which would allow the Secretary to enter into memoranda of agreement with States to permit them, where appropriate, to (1) analyze the need for primary health services for medically underserved populations within the State; (2) assist int the planning and development of new CHC's; (3) review and comment on annual program plans and budgets of CHC's, including comments on allocation of health care resources in the State; (4) assist CHC's in the development of clinical practices and fiscal and administrative systems through a technical assistance plan which is responsive to the requests of CHC's; and (5) share information and data relevant to the operation of new and existing CHC's.

DESIGNATION OF MEDICALLY UNDERSERVED POPULATIONS

The Committee's bill revises the procedures and requirements for designating medically underserved populations. Currently the Secretary must include in the criteria used for determining the specific shortages of personal health services of an area or population group: infant mortality, other factors indicative of health status, the ability to pay for health services and accessibility to them, and availability of health professionals. In addition to these criteria, the Committee's bill would require the Secretary to take into account those factors considered relevant by the chief executive officer and local officials of a State.

The bill adds to current law provisions which require the Secretary to consult with chief executive officers and local officials before designating or de-designating a medically underserved population a requirement that the Secretary also consult with the State organization, if any, which represents a majority of CHC's in the State.

In addition, the bill allows the Secretary to designate a medically underserved population that does not meet prescribed criteria, including those mentioned above, if the chief executive officer and local officials recommend the designation based on unusual local conditions which are a barrier to access or availability of personal health services. In any fiscal year, the Secretary could not expend more than 5 percent of appropriations for grants to serve medically underserved populations under this provision which do not otherwise meet the designating criteria specified in law.

STATE GRANTS FOR PRIMARY CARE RESEARCH, DEMONSTRATION, AND SERVICES

The Committee's bill establishes a new program of grants to the States for primary care research, demonstrations, and services and authorizes for these grants $17.5 million for fiscal year 1986, $20 million for fiscal year 1987, and $23.5 million for fiscal year 1988. Under this program, allotments would be made to the States for (1) improving access to primary health services for medically underserved populations; (2) improving the delivery of primary health services to medically underserved populations, particularly the effectivenes, efficiency, and quality of these services, and (3) improv-

ing the health status of underserved populations through reductions in the incidence of preventable diseases and illnesses and premature death and the need for costly inpatient and long-term care services.

Allotments would be made to the States generally on the basis of the ratio of the total number of low-income persons residing in the State to the total number of low-income persons residing in all States. With their allotments States could:

(1) make grants to eligible entities to provide primary health services to medically underserved populations in the State; and

(2) conduct, or make grants for the conduct of, research, demonstrations, or the development of methods to evaluate—

alternative systems of reimbursement for primary health services;

new or innovative methods for the provision of primary health services;

methods of attracting and retaining primary health services providers (including physicians, dentists, physician assistants, nurse practitioners, and other health professionals), both individually and as teams, to train and practice among medically underserved populations;

different types of organizational models and relationships, including federations of providers of primary health services, designed to meet unique primary health and dental health needs; and

methods of reducing long-term institutional costs by improving service connections between providers of primary health services and home and community-based services; or

such other matters which will enhance the availability or accessibility of primary health services.

The bill requires that States not use less than 80 percent of their allotments for grants to provide primary care services in medically underserved areas, and not more than 20 percent of their alotments for research and demonstrations. In addition, not more than 10 percent of a State's allotment could be used for research and demonstration activities which are conducted directly by the State. If a State makes a grant for the provision of primary health services to a medically underserved population which is in the service area of a CHC grantee, the State would be required to make the grant only to this CHC. States could not use their allotments for the administration of this program or of memoranda of agreement which they might enter into with the Secretary under Section 330.

States would be permitted to carry over funds which remain unobligated at the end of a fiscal year, if the Secretary determines that there is good cause for those funds remaining unobligated; however, carry-over amounts in excess of 20 percent of a State's allotment would have to be returned to the Treasury.

The bill requires the Secretary to promulgate separate final regulations to implement this new program by no later than June 30, 1986. Such regulations must take into account the distinctive features of the new legislation.

The allotment of funds to States is also subject to many of the same general provisions governing other health block grant pro-

grams, including requirements for applications, public hearings, reports, audits, withholding of funds, nondiscrimination, and direct funding of Indian tribes or tribal organizations.

EXTENSION OF THE MIGRANT HEALTH CENTERS PROGRAM

The Committee's bill also extends the migrant health center program for three fiscal years and authorizes appropriations of $50 million for fiscal year 1986, $56 million for fiscal year 1987 and $61 million for fiscal year 1988.

II. BACKGROUND AND NEED FOR LEGISLATION

The community health center (CHC) program as authorized under section 330 of the Public Health Service Act, was established in 1975 under P.L. 94-63. This legislation grew out of earlier initiatives for funding neighborhood health centers and family health centers.

Currently, the community health center program authorizes the Secretary of Health and Human Services to award grants for projects to provide primary health care services to medically underserved populations. Section 330 defines a medically underserved population as an urban or rural area or population group designated by the Secretary as having a shortage of personal health services. In designating a medically underserved area, the Secretary takes into consideration the following factors, among others:

> (1) Available health resources in relation to size of the area and its population, including appropriate ratios of primary care physicians in general of family practice, internal medicine, pediatrics, or obstetrics and gynecology to the area's population;
>
> (2) Health indices for the population of the area, such as infant mortality rates;
>
> (3) Economic factors affecting the population's access to health services, such as percentage of the population with incomes below the poverty level; and
>
> (4) Demographic factors affecting the population's need and demand for health services, such as percentage of population * * *.

In fiscal year 1984, 590 CHCs provided primary care services to approximately 5 million medically underserved persons. Of the 590 centers receiving grants in fiscal year 1984, 205 were located in urban areas, and 385 in rural areas.

In 1981, Congress consolidated a number of categorical health programs into four health block grants to the States. One of the blocks established at that time was the Primary Care Block Grant, which incorporated a single program, the community health center program, into a block to the States. Unlike the other health blocks established in 1981, the Primary Care Block contained unnecessarily burdensome and restrictive requirements and conditions for States to receive funding under this new authority. For example, the Primary Care Block has required matching payments by the States for a categorical program in which they have never had to share the cost. As a result of requirements such as these, only one State (for one year only) and the Virgin Islands have received allot-

ments to fund and operate their community health center programs. For this reason, the Committee in 1984 reported legislation which was designed to create opportunities for a new Federal-State partnership for the provision of primary care services to medically underserved populations. This bill, S. 2308, was passed by the Senate in June 1984, and its permissions were subsequently passed by the 98th Congress as part of S. 2574, which also amended and extended other Public Health Service Act authorities, S. 2574 was vetoed by the President. Based on past accomplishments and the successful Senate/House conference related to this lelgislation last year, the Committee is reporting virtually identical legislation at this time.

III. History of S. 1282

A bill, S. 1282 to revise and extend provisions of the Public Health Service Act relating to the provision of primary health care services, was introduced by Senator Hatch on June 12, 1985, and was referred to the Committee on Labor and Human Resoures. Because thorough hearings were held in the 98th Congress on this matter, the Committee did not believe it was necessary to hold additional hearings. Legislation from the 98th Congress was redrafted taking into account the Administration's recommendations, and to achieve consensus of the Committee. The bill was reported from Committee on June 27, 1985.

IV. Text of S. 1282 as Reported

A BILL To revise and extend provisions of the Public Health Service Act relating to primary care

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Primary Care Amendments of 1985".

REFERENCE

Sec. 2. Except as otherwise specifically provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or a repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Public Health Service Act.

MEDICALLY UNDERSERVED POPULATIONS

Sec. 3. Section 330(b) is amended—

(1) by striking out the second, third, fourth, and fifth sentences of paragraph (3); and

(2) by adding at the end thereof the following:

"(4) In carrying out paragraph (3), the Secretary shall by regulation prescribe criteria for determining the specific shortages of personal health services of an area or population group. Such criteria shall—

"(A) take into account comments received by the Secretary from the chief executive officer of a State and local officials in a State; and

"(B) include infant mortality in an area or population group, other factors indicative of the health status of a population group or residents of an area, the ability of the residents of an area or of a population group to pay for health services and their accessibility to them, and the availability of health professionals to residents of an area or to a population group.

"(5) The Secretary may not designate a medically underserved population in a State or terminate the designation of such a population unless, prior to such designation or termination, the Secretary provides reasonable notice and opportunity for comment and consults with—

"(A) the chief executive officer of such State;

"(B) local officials in such State; and

"(C) the State organization, if any, which represents a majority of community health centers in such State.

"(6) The Secretary may designate a medically underserved population that does not meet the criteria established under paragraph (4) if the chief executive officer of the State in which such population is located and local officials of such State recommend the designation of such population based on unusual local conditions which are a barrier to access to or the availability of personal health services.".

MEMORANDUM OF AGREEMENT

SEC. 4. Section 330 is amended by redesignating subsection (g) as subsection (i) and by inserting after subsection (f) the following new subsection:

"(g) In carrying out this section, the Secretary may enter into a memorandum of agreement with a State. Such memorandum may include, where appropriate, provisions permitting such State to—

"(1) analyze the need for primary health services for medically underserved populations within such State;

"(2) assist in the planning and development of new community health centers;

"(3) review and comment upon annual program plans and budgets of community health centers, including comments upon allocations of health care resources in the State;

"(4) assist community health centers in the development of clinical practices and fiscal and administrative systems through a technical assistance plan which is responsive to the requests of community health centers; and

"(5) share information and data relevant to the operation of new and existing community health centers.".

AUTHORIZATION OF APPROPRIATIONS

SEC. 5. (a) Paragraphs (1) and (2) of section 330(i) (as redesignated by section 4 of this Act) are amended to read as follows:

"(1) There are authorized to be appropriated for payments pursuant to grants under this section $405,000,000 for the fiscal year ending September 30, 1986, $437,000,000 for the fiscal year ending September 30, 1987, and $472,000,000 for the fiscal year ending September 30, 1988.

"(2) The Secretary may not in any fiscal year—

"(A) expend for grants to serve medically underserved populations designated under subsection (b)(6) an amount which exceeds 5 percent of the funds appropriated under this section for that fiscal year; and

"(B) expend for grants under subsection (d)(1)(C) an amount which exceeds 5 percent of the funds appropriated under this section for that fiscal year.".

STATE GRANTS FOR PRIMARY CARE RESEARCH, DEMONSTRATION, AND SERVICES

SEC. 6. (a) Part C of title XIX is repealed.

(b) Title XIX is amended by adding at the end thereof the following new part:

"PART C—STATE GRANTS FOR PRIMARY CARE RESEARCH, DEMONSTRATION, AND SERVICES

"PURPOSE; AUTHORIZATION OF APPROPRIATIONS

"SEC. 1921. (a) For the purpose of—

"(1) improving access to primary health services for medically underserved populations,

"(2) improving the delivery of primary health services to medically underserved populations, particularly the effectiveness, efficiency, and quality of such services, and

"(3) improving the health status of such populations, through reductions in—

"(A) the incidence of preventable diseases and illnesses and premature death, and

"(B) the need for costly inpatient and long-term care services,

the Secretary shall make payments under allotments, in accordance with the provisions of this part, to States for the conduct of activities authorized by this part.

"(b) For allotments under this part, there are authorized to be appropriated $17,500,000 for fiscal year 1986, $20,000,000 for fiscal year 1987, and $23,500,000 for fiscal year 1988.

"ALLOTMENTS

"SEC. 1922. (a)(1) Except as provided in paragraph (2), from the amounts appropriated under section 1921 for each fiscal year, the Secretary shall allot to each State an amount equal to the product of—

"(A) the total amount appropriated for such fiscal year, multiplied by

"(B) the ratio (stated as a percentage) that the total number of low-income persons residing in the State bears to the total number of low-income persons residing in the United States.

"(2) Notwithstanding paragraph (1)—

"(A) the total amount of the allotment for each of the several States, the District of Columbia, and Puerto Rico for each of the fiscal years 1986, 1987, and 1988 shall not be less than 1 percent of the total amount appropriated under section 1921 for such fiscal year;

"(B) the total amount of the allotment for each of the Virgin Islands, Guam, and the Trust Territory of the Pacific Islands for each such fiscal year shall not be less than one-fourth of 1 percent of the total amount appropriated under section 1921 for such fiscal year; and

"(C) the total amount of the allotment for each of American Samoa and the Commonwealth of the Northern Mariana Islands for each such fiscal year shall not be less than one-sixteenth of 1 percent of the total amount appropriated under section 1921 for such fiscal year.

"(b) To the extent that all the funds appropriated under section 1921 for a fiscal year and available for allotment in such fiscal year are not otherwise allotted to States because—

"(1) one or more States have not submitted an application or description of activities in accordance with section 1925 for such fiscal year;

"(2) one or more States have notified the Secretary that they do not intend to use the full amount of their allotment; or

"(3) some State allotments are offset or repaid under section 1906(b)(3) (as such section applies to this part pursuant to section 1925(e));

such excess shall be allotted among each of the remaining States in proportion to the amount otherwise allotted to such States for such fiscal year without regard to this subsection.

"(c)(1) If the Secretary—

"(A) receives a request from the governing body of an Indian tribe or tribal organization within any State that funds under this subpart be provided directly by the Secretary to such tribe or organization, and

"(B) determines that the members of such tribe or tribal organization would be better served by means of grants made directly by the Secretary under this subpart,

the Secretary shall reserve from amounts which would otherwise be allotted to such State under subsection (a) for a fiscal year the amount determined under paragraph (2).

"(2) The Secretary shall reserve for the purpose of paragraph (1) from amounts that would otherwise be allotted to such State under subsection (a) an amount equal to the amount which bears the same ratio to the State's allotment for the fiscal year involved under subsection (a) as the total number of low-income persons in the tribe during such fiscal year bears to the total number of low-income persons residing in the State during such fiscal year.

"(3) The amount reserved by the Secretary on the basis of a determination under this subsection shall be granted to the Indian tribe or tribal organization serving the persons for whom such a determination has been made.

"(4) In order for an Indian tribe or tribal organization to be eligible for a grant for a fiscal year under this subsection, it shall submit to the Secretary a plan for such fiscal year which meets such criteria as the Secretary may prescribe.

"PAYMENTS UNDER ALLOTMENTS TO STATES

"SEC. 1923. (a) For each fiscal year, the Secretary shall make payments, as provided by section 6503(a) of title 31, United States Code, to each State from its allotment under section 1922 from amounts appropriated for that fiscal year.

"(b)(1) Except as provided in paragraph (2), any amount paid to a State for a fiscal year and remaining unobligated at the end of such year shall remain available for the next fiscal year to such State if the Secretary determines that there is good cause for such funds remaining unobligated.

"(2) If the amount paid to a State under this part for a fiscal year which remains unobligated at the end of such fiscal year exceeds 20 percent of the amount allotted to such State under section 1922 for such fiscal year, the amount of such excess shall not remain available for the next fiscal year to such State under paragraph (1) and shall be returned to the Treasury and credited as miscellaneous receipts.

"USE OF ALLOTMENTS

"SEC. 1924. (a) Amounts paid to a State under section 1923 from its allotment under section 1922 may be used to—

"(1) make grants to eligible entities to provide primary health services to medically underserved populations in the State; and

"(2) conduct, or make grants for the conduct of, research, demonstrations, or the development of methods to evaluate—

"(A) alternative systems of reimbursement for primary health services;

"(B) new or innovative methods for the provision of primary health services;

"(C) methods of attracting and retaining primary health service providers (including physicians, dentists, physician assistants, nurse practitioners, and other health professionals), both individually and as teams, to train and practice among medically underserved populations;

"(D) different types of organizational models and relationships, including federations of providers of primary health services, designed to meet unique primary health and dental health service needs; and

"(E) methods of reducing long-term institutional costs by improving service connections between providers of primary health services and home and community-based services; or

"(F) such other matters which will enhance the availability or accessibility of primary health services.

"(b)(1) A State may not use funds allotted under section 1922 for the purposes of administering this part or administering an agreement under section 330(g).

"(2)(A) Of the amounts paid to a State under section 1923 for each fiscal year—

"(i) not less than 80 percent shall be used to make grants under paragraph (1) of subsection (a); and

"(ii) not more than 20 percent may be used to conduct, or to make grants for the conduct of, activities described in paragraph (2) of subsection (a).

"(B) Not more than 10 percent of the amounts paid to a State under section 1923 for each fiscal year may be used for activities described in paragraph (2) of subsection (a) which are directly conducted by the State.

"(3) If a State makes a grant under paragraph (1) of subsection (a) for the provision of primary health services to a medically underserved population which is in the service area (determined in accordance with section 330(e)(3)(I)) of an entity which is a recipient of a grant under section 330, the State shall make such grant to such entity.

"(c) The Secretary may provide technical assistance to States in planning and operating activities to be carried out under this part.

"(d) A State may not use amounts paid to it under section 1923 to—

"(1) provide inpatient services;

"(2) make cash payments to intended recipients of health services;

"(3) purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment;

"(4) satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds; or

"(5) provide financial assistance to any entity other than a public or nonprofit private entity.

The Secretary may waive the limitation contained in paragraph (3) upon the request of a State if the Secretary finds that there are extraordinary circumstances to justify the waiver and that granting the waiver will assist in carrying out this part.

"APPLICATION AND DESCRIPTION OF ACTIVITIES; REQUIREMENTS

"SEC. 1925. (a) In order to receive an allotment for a fiscal year under section 1922 each State shall submit an application to the Secretary. Each such application shall be in such form and submitted by such date as the Secretary shall require. Each such application shall contain assurances that the legislature of the State has complied with the provisions of subsection (b) and that the State will meet the requirements of subsection (c).

"(b) After the expiration of the first fiscal year in which a State receives an allotment under section 1922, no funds shall be allotted to such State for any fiscal year under such section unless the legislature of the State conducts public hearings on the proposed use and distribution of funds to be provided under section 1923 for such fiscal year.

"(c) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify that the State—

"(1) agrees to use the funds allotted to it under section 1922 in accordance with the requirements of this part;

"(2) has identified the populations, areas, and localities in the State with a need for the primary health services for which funds may be provided by the State under this part;

"(3) has established an appropriate mechanism to administer grants to be made under section 1924, and to comply with the requirements of this part;

"(4) will participate in the coordination of activities supported under this part with the activities of other providers of primary health services within the State (including entities which are recipients of grants under sections 329 and 330), to ensure that such activities are carried out in an effective manner and without duplication of effort;

"(5) will establish, after providing reasonable notice and opportunity for the submission of comments, reporting requirements and reasonable criteria to evaluate the fiscal, managerial, and clinical performance of entities which receive grants under section 1924;

"(6) will not require, for purposes of compliance with paragraph (5), entities which are recipients of grants under section 1924 and under section 329 or section 330 to comply with different reporting requirements and criteria than are required under section 329 or section 330, as the case may be; and

"(7) agrees that Federal funds made available under section 1923 for any period will be so used as to supplement and increase the level of State, local, and other non-Federal funds that would in the absence of such Federal funds be made available for the programs and activities for which funds are provided under that section and will in no event supplant such State, local, and other non-Federal funds.

The Secretary may not prescribe for a State the manner of compliance with the requirements of this subsection.

"(d)(1) The chief executive officer of a State shall, as part of the application required by subsection (a), also prepare and furnish the Secretary (in accordance with such form as the Secretary shall provide) with a description of the intended use of the payments the State will receive under section 1923 for the fiscal year for which the application is submitted, including—

"(A) a description of the populations, areas, and localities in the State which the State has identified as needing primary health services;

"(B) a statement of goals and objectives for meeting the needs identified pursuant to subparagraph (A);

"(C) information on the activities to be supported and services to be provided with payments under this part;

"(D) after the expiration of the first fiscal year in which the State received payments under section 1923, a description of the criteria and methods that will be used by the State for the distribution of payments under such section, and the relationship of such criteria and methods to the achievement of the purposes of this part; and

"(E) the information and data which the State intends to collect respecting activities supported under this part.

"(2) The description required by paragraph (1) shall be made public within the State in such manner as to facilitate comment

from any person (including any Federal or other public agency) during development of the description and after its transmittal. The description shall be revised (consistent with this section) throughout the year as may be necessary to reflect substantial changes in the programs and activities assisted by the State under this part, and any revision shall be subject to the requirements of the preceding sentence.

"(e) Except where inconsistent with the provisions of this part, the provisions of section 1903(b), section 1906(a), paragraphs (1) through (5) of section 1906(b), section 1906(c), and sections 1907, 1908, and 1909 shall apply to this part in the same manner as such provisions apply to part A of this title.

"DEFINITIONS

"SEC. 1926. As used in this part:

"(1) The term 'low income person' refers to those individuals and families whose income is determined to be below the official poverty line as defined by the Office of Management and Budget and revised annually in accordance with section 673(2) of the Community Services Block Grant Act.

"(2) The terms 'Indian tribe' and 'tribal organization' have the same meaning given such terms in section 4(b) and section 4(c) of the Indian Self-Determination and Education Assistance Act.

"(3) The term 'medically underserved population' has the meaning given to such term by section 330(b)(3).

"(4) The term 'primary health services' means the preventive, diagnostic, treatment, consultation, referral, and other services rendered, on an ambulatory basis, by a physician and, where feasible, by a physicians' assistant or nurse practitioner. Such term includes, at a minimum, access to routine associated laboratory services, diagnostic radiologic services, preventive health services, and emergency medical care.

"(5) The term 'eligible entity' means a public or nonprofit private entity capable of providing primary health services to medically underserved populations.".

MIGRANT HEALTH CENTERS

SEC. 7. The first sentence of section 329(h)(1) is amended by striking out "and" after "1983," and by inserting before the period a comma and "$50,000,000 for the fiscal year ending September 30, 1986, $56,000,000 for the fiscal year ending September 30, 1987, and $61,000,000 for the fiscal year ending September 30, 1988".

REGULATIONS

SEC. 8. By the earliest possible date, but not later than June 30, 1986, the Secretary shall promulgate separate final regulations to carry out part C of title XIX of the Public Health Service Act (as added by section 6(b) of this Act) which take into account the provisions of such part which are different from the provisions of parts A and B of such title.

TECHNICAL AMENDMENT

SEC. 9. Section 329(d)(2) is amended by inserting before the semicolon "and the costs of repaying loans made by the Farmers Home Administration for buildings".

EFFECTIVE DATE

SEC. 10. This Act and the amendments made by this Act shall take effect on October 1, 1985, except that section 8 of this Act shall take effect on the date of enactment of this Act.

V. COMMITTEE VIEWS

The Committee adopted S. 1282, the "Primary Health Care Amendments of 1985," on June 27, 1985. This bill will encourage involvement of States in the direct provision of primary care through at State grant programs for research, demonstration, and services.

In the 97th Congress, provisions identical to those in S. 1282 were part of S. 2574, the "Public Health Service Amendments of 1984," which passed both Senate and House but was vetoed by the President. Presidential disapproval of S. 2574 was, in part, based on the fact that provisions of S. 2574 would have repealed

> the Primary Care Block Grant authority—a key reform proposed by the Administration and enacted by the Congress in 1981 designed to restore State control, strengthen administrative efficiencies, and improve the delivery of health services. Thus, * * * reverse a successful trend of increased State acceptance of health care responsibility that the Administration initiated.

The Administration has proposed to expand the scope of the primary care block grant to include (in addition to the current program for community health centers) the current programs for migrant health, family planning, and health services for respiratory and pulmonary impairments in coal miners. Under the Administration's proposals, various requirements for program implementation and reporting could be satisfied through State officials other than the governor, and form and content of applications and reports would be prescribed by States rather than by the Secretary of Health and Human Services. The Administration would have revised a number of investigations and regulations provisions of current law, as well as eliminating the Office of Population Affairs.

The Committee agrees with the goal of giving States flexibility over health services programs, and has supported that goal consistenlty. However, the Committee believes that this primary care legislation (S. 1282) will provide the opportunity for States to make a more gradual and effective transition to manage these programs. Therefore, under this legislation the Federal Government will continue to fund community health centers and migrant health centers within the States, and authorization levels reflect those agreed upon in conference during the last Congress. These funds are essential to assure care for the most medically underserved and needy of our population.

S. 1282 would continue the Community Health Centers programs under Section 330 of the Public Health Service Act, with two new provisions for State involvement: (1) memoranda of agreement and (2) increased State involvement in the designation of underserved areas.

REAUTHORIZATION OF THE COMMUNITY HEALTH CENTER PROGRAM AND MEMORANDA OF AGREEMENT

S. 1282 extends the community health center (CHC) program and authorizes the Secretary to enter into memoranda of agreement with States to permit them, where appropriate, to (1) analyze the need for primary health services for medically underserved populations within the State; (2) assist in the planning and development of new CHCs; (3) review and comment on annual program plans and budgets of CHC's, including comments on allocations of health care resources in the State; (4) assist CHCs in the development of clincial practices and fiscal and administrative systems through a technical assistance plan which is responsive to the requests of CHCs; and (5) share information and data relevant to the operation of new and existing CHCs.

This provision builds upon an administrative initiative undertaken by DHHS in response to provisions of the Omnibus Budget Reconcilition Act passed in July, 1981, to: (1) increase the State's familiarity with the CHC program generally as well as with individual centers through involvement in grant reviews and project monitoring activities; (2) involve States in primary care needs/demands assessments, in developing funding plans for the State; and (3) assess all primary care resources in the State, analyze the organization and distribution of those resources, and plan for allocations of Federal and State primary care manpower and funds to identified areas of greatest need.

The Committee is pleased at the progress in the development of memoranda of agreement (MOA) with States. The Department has enterd into memoranda of agreement with approximately 40 States. It wishes to encourage DHHS and States to continue and further develop these MOA's. Further the Committee feels particularly strongly that every effort should be made to include the CHC's within the State in such efforts.

Specifically the Committee intends that each MOA shall include a clearly defined role in each aspect of the MOA for involvement of and consultation with a statewide organization representing a majority of CHC's in a given state. Except where prohibited by state law or by pre-existing statutorily-based regulation, the Secretary shall include a statewide organization representing a majority of the CHC's within a state (where such organization exists) as a party to the MOA. In no case after October 1, 1985, shall the Secretary enter into an MOA which a state without providing an opportunity for CHC's within the state to comment upon and be involved in the proposed MOA.

In mandating the involvement of CHC's in the MOA process, it is the committee's intent that the CHC's shall be treated fairly and as equal partners but that they shall not be virtue of this mandate derive veto power over the federal and state responsibilities in the

MOA or by a refusal to participate in or endorse the MOA be in a position to prevent an MOA from being entered into.

The Committee has included in this legislation, language which will further encourage MOA's. The Committee does not intend by this language to abrogate the ultimate statutory and legal responsibility of the Secretary for decisions made under section 330, including: (1) assuring compliance of grantees and others with the requirements of the statute and applicable regulations; (2) establishing criteria and funding decisions for grants and contracts to CHC's including funding criteria; and, (3) awarding of grants and contracts with CHC's.

It is the Committee's intent that implementation of the MOA between Federal and State authorities include some or all of the the activities defined in the Statute. Since these agreements will be specific to the state, not all activities prescribed may be appropriate.

INCLUSION OF GOVERNORS IN THE DESIGNATIONS PROCESS

The Committee has included in this legislation direction to the Secretary to: (1) take into account comments received from Governors and local officials with regard to a national criteria for designation of medically underserved areas (n.b., this language is not intended by the Committee to require promulgation of new regulations unless warranted.); (2) to consult with an allow comments by Governors, local officials, and statewide CHC organizations, representing a majority of the CHCs with regard to designation and de-designation of medically underserved areas, and; (3) to consider recommendations by the Governors and local officials with regard to special population designations. The Committee does not intend by this new language to abrogate the ultimate statutory and legal responsibility of the Secretary for all designations and de-designations, including the need to designate any area which meets the criteria established by the Secretary pursuant to section 330(b)(4).

A new provision is added which would allow a State through its governor to recommend to the Secretary for designation of areas or populations which do not meet the existing criteria but because of unusual local conditions may be deemed to be medically underserved. Examples of unusual conditions as viewed by the Committee may include areas where there is exceptionally high unemployment, the influx of a substantial number of refugees, or the existence of a population which by virtue of geographic, financial or cultural barriers is determined to lack adequate access to primary care services.

The Committee also acknowledges the need for national standards and criteria in order to determine comparative need. However, there are special circumstances that are not always susceptible to review under national criteria. A sudden influx of refugees or high incidence of unemployment due to a large plant closing are examples. The Committee therefore believes special designation for areas with severe need and demand which do not meet the national criteria is appropriate. It should be considered to be an exceptional procedure to be used only rarely and not used to simply frustrate the national standards. The Committee therefore has set a

limit of 5 percent of the CHC appropriation for providing services in these specially designated areas.

STATE GRANTS FOR PRIMARY CARE RESEARCH, DEMONSTRATION, AND SERVICES

The Committee's bill establishes a new program of grants to the States for primary care research, demonstrations, and services. Under this program, allotments would be made to the States for (1) improving access to primary health services for medically underserved populations; (2) improving the delivery of primary health services to medically underserved populations, particularly the effectiveness, efficiency, and quality of these services, and (3) improving the health status of underserved populations through reductions in the incidence of preventable diseases and illnesses and premature death and the need for costly inpatient and long-term care services.

ALLOTMENT APPLICATION

The bill requires that each State's application for an allotment shall contain a description of the intended use of its allotments received under this new program, including:

(1) a description of the populations, areas and localities within the State which it has identified as needing primary health services,

(2) a statement of goals and objectives for meeting those identified needs,

(3) information on the activities to be supported under the new program,

(4) a description of the State's criteria and methods for distributing the funds it receives, and

(5) the information which the State intends to collect with respect to the activities it supports under the new program.

While the Committee does not intend that these requirements be unduly burdensome on the States, it does expect that each State's application will clearly specify the communities it proposes to serve, the providers it intends to fund and the criteria and methodological bases for its decisions in this regard. This description, combined with the certifications which are required as part of the State's application, are intended to assure that the State has in-place the capacity to plan for, administer, evaluate and account for its use of the funds it receives under the new program.

ALLOTMENTS

The grants to State programs will allot funds to States on the relative basis of the State low income population to the low income population of the United States. Thus, if a State had two percent of the United States low income population it would receive two percent of the appropriation. The determination of low income is the standard OMB definition of low income families which is published annually No State shall, however, receive less than 1 percent; certain territories will receive no less than ¼ of 1 percent and others 1/16 of 1 percent. The preliminary allotment to each State and terri-

tory shall first be reviewed to determine if additional funds are needed for a particular State or territory to meet these minimum percentages in the bill. Allotments under this formula shall have no bearing on the amount a State will receive under Section 330, the CHC program. Indian tribes are eligible to receive funds on the proportion of their low income population to that of the State in which it is located. If a tribe is located in more than one State, its population will be proportioned as closely as possible to the various States. If the population of the Indian tribe is not significant, the Secretary should not approve direct funding. Further, before authorizing direct funding the Secretary should determine that the amount available is sufficient to make a health care program viable. In any event, direct funding of a tribe is not intended to alter, the responsibility of a state to provide health services to the tribe under other health care funding programs.

If any State or territory does not apply for a grant or if the Secetary does not award a grant to a State or territory, the allotment of that State or territory will be divided among the other States or territories in proportion to each State's or territory's allotment to the total funds allotted under this program. The committee's intent is that no State or territory be discouraged or dissuaded from applying for a State grant under this program and, accordingly requests the Secretary, the Comptroller General and all others involved in administering this program to apply the provisions of Sections 1907, 1908, 1909 and the applicable provisions of Section 1906 fairly and in a manner consistent with reasonable management control of this program.

USES OF FUNDS

States may use allotments to:

(1) make grants to eligible entities to provide primary health services to medically underserved populations in the State; and

(2) conduct, or make grants for the conduct of, research, demonstration, or the development of methods to evaluate—

alternative systems of reimbursement for primary health services;

new or innovative methods for the provision of primary health services;

methods of attracting and retaining primary health service providers (including physicians, dentists, physician assistants, nurse practioners, and other health professionals), both individually and as teams, to train and practice among medically underserved populations;

different types of organizational models and relationships, including federations of providers and primary health services, designed to meet unique primary health and dental health needs; and

methods of reducing long-term institutional costs by improving service connections between providers of primary health services and home and community-based services;

such other matters which will enhance the availability or accessibility of primary health services.

The Committee intends that State grant funds be used primarily for the provision of primary care services. Accordingly, the Committee has provided that at least 80 percent of the funds by spent for the provision of services. These services must be provided in areas where such services are needed, (medically underserved areas) and may not be used merely to supplant ongoing State services in any areas.

Funding for research and development activities (up to 20 percent of the State grant under this subsection) is provided for the States to develop innovative service delivery and financing mechanisms needed to assume a lead responsibility in providing primary care services within the State.

If the State makes an award to a medically underserved population which is already being served by a CHC, the bill requires the State to award the grant to that CHC project.

The Committee intends that this provision will foster communication and agreement between CHC projects and States when the state chooses to use block grant monies to provide services to population groups within CHC service areas.

Examples of the types of activities which have been produced through demonstration authorities, by CHC's and other entities, include:

The development and operation of a model health service delivery system consisting of a parent corporate organization, which identifies and develops opportunities for individual medical or dental practices in the community, financially supports the health care provider while the practice develops, and facilities the assumption of the practice by the provider as an independent practice. Under this model, the corporation acts as a broker in bringing communities and health care providers together, owns and operates the practice during the developmental periods, and arranges for the purchase of the fully developed practice by the provider. The success of the Health Development Corporation of Tuscaloosa, Alabama demonstrates that this can be a viable approach in certain rural, underserved areas.

Implementation of a unique form of service delivery system where isolation and great distances are barriers to access to basic health care. Such a system operated by a central organization which manages a network of small sites fortfied by support services furnished from a larger, central delivery site, has proven successful. The Checkerboard Area Health system of northern New Mexico demonstrates the value of this approach. These systems were needed but could not be initiated under the CHC program because each needed relief from traditional requirements such as governing board and certain reporting requirements.

In Connecticut, the State Primary Care Association was given the responsibility by the State to develop an overall service delivery plan to reduce infant mortality.

In Indiana, a consortium of health centers and other primary care providers have developed a system to make primary care accessible to all unemployed families.

OTHER PROVISIONS

The Committee bill requires the Secretary to publish separate final regulations to carry out this new primary care state grant program at the earliest possible date, but by no later than June 30, 1985. Such regulations must take into account the distinctive features of the legislation authorizing the new program. The committee recognizes that it will be most difficult to complete the full regulatory development process prior to the intended date of enactment of this legislation, and thus has allowed an extended period, through June 30, 1986, for that purpose. The Committee's purpose in setting a time limit for promulgation of final rules is to ensure that the States, CHCs and other organizations which will be involved with the implementation and administration of this new program have final regulations in effect to assist them in carrying out their responsibilities. In this regard, the Committee expects that the final regulations will have been preceded by a full notice and comment process, providing all interested parties with an opportunity to participate, and the Secretary with enough information to issue the regulations in final form prior to the expiration of the time limit.

The Committee's bill also extends the migrant health center (MHC) program and allows MHC's to use their grants for the costs of repaying loans made by the Farmers Home Administration for loans. This later amendment corresponds to a technical change made in the community health center program under P.L. 414, the Orphan Drug Act.

VI. COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 1, 1985.

Hon. ORRIN G. HATCH,
Chairman, Committee on Labor and Human Resources,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the attached cost estimate for S. 1282, the Primary Care Amendments of 1985, as ordered reported by the Senate Committee on Labor and Human Resources on June 27, 1985.

If you wish further details on this estimate, we will be pleased to provide them.

With best wishes,

Sincerely,

RUDOLPH G. PENNER.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: H.R. 1282.
2. Bill title: Primary Care Amendments of 1985.
3. Bill status: As ordered by the Senate Committee on Labor and Human Resources on June 27, 1985.
4. Bill purpose: The bill would authorize for three years the Community Health Centers and Migrant Health Programs. It also authorizes funding for grants to states for primary care research,

demonstration and services. The bill would repeal the Primary Care Block Grant.

5. Estimated cost to the Federal Government:

[By fiscal year, in millions of dollars]

	1986	1987	1988	1989	1990
Estimated authorization levels:					
Community Health Centers	405.0	437.0	472.0	.....	.....
Grants to States for Primary Care Research and Services	17.5	20.0	23.5	.....	.....
Migrant Health Centers	50.0	56.0	61.0	.....	.....
Total authorization levels	472.5	513.0	556.5	.....	.....
Estimated outlays:					
Community Health Centers	229.0	372.0	441.0	199.0	59.0
Grants to States for Primary Care Research and Services	10.0	16.5	21.0	9.5	3.0
Migrant Health Centers	28.0	47.0	56.0	26.0	8.0
Total authorization outlays	267.0	435.5	518.0	234.5	70.0

The costs of this bill fall within function 550.

Basis of estimate: All authorization levels are stated in the bill. CBO assumes that all stated authorized amounts are fully appropriated at the beginning of each fiscal year. Outlays are estimated using spendout rates computed by CBO on the basis of recent program data.

6. Estimated cost to State and local governments: The budgets of state and local governments would not be affected directly by the enactment of this bill. The bill specifically states that grants to states for primary care research and services would be used to supplement and not supplant state, local and other non-federal funds that would otherwise be made available for these activities.

7. Estimate comparison: None.

8. Previous CBO estimate: None.

9. Estimate prepared by: Carmela Pena.

10. Estimate approved by: James L. Blum, Assistant Director for Budget Analysis.

VII. Administration Views

The Secretary of Health and Human Services,
Washington, DC, July 8, 1985.

Hon. Orrin G. Hatch,
Chairman, Committee on Labor and Human Resources,
U.S. Senate, Washington, DC.

Dear Mr. Chairman: This is in response to your request for a report on S. 1282, a bill "To revise and extend provisions of the Public Health Service Act relating to primary care."

In summary, while we support continued Federal funding for State administered primary care delivery, we strongly oppose repeal of the primary care block grant and funding through categorical grants as proposed by S. 1282. We instead support an expanded primary care block grant to the States.

S. 1282 would reauthorize the community health centers and migrant health programs for fiscal years 1986 through 1988. The Fed-

eral Government would continue to make grants directly to community health and migrant health centers. The bill would also repeal the existing State primary care block grant authority, substituting for it a narrow and unnecessary program of grants to States for primary care research, demonstration, and services.

S. 1282 is the wrong approach to health services requirements in the 1980s. This bill returns to the failed narrow categorical health services policies of the past, with excessive authorizations and unnecessary oversight carried out by a large and unwieldy Federal bureaucracy. As currently drafted, S. 1282 undermines efforts to strengthen State control of local health services delivery, Strengthen administrative efficiencies, and target our resources on areas of greatest need.

The excessive funding levels of over $1.5 billion authorized by S. 1282 for outstrip requirements for fiscal years 1986 through 1988, exceeding by 22 percent the already increasing levels for the comparable period contained in the Administration's proposed Health Services Amendments of 1985, transmitted to the President of the Senate on May 3. S. 1282 does nothing to address the restrictions in the current statute that discourage State participation in the primary care block grant.

We believe a more effective approach focuses on increasing State and local participation in decision-making regarding federally funded primary care activities. Improvement of primary care health services delivery as proposed by the Administration goes a long way towards removing the inefficiencies of having multiple grantees and sites deliver such services. Coupled with other program improvements underway in strengthening the clinical base for primary care health services, expansion of the primary care block grant will complement State-based strategies aimed at improved coordination and service integration with State governments.

We propose combining current authorities for community health centers, migrant health, family planning, and health services to coal miners into a unified primary care block grant with minimal conditions imposed upon the States. Rather than have several different and unrelated federally supported grantees providing primary care services within each State, States would be able to provide individuals in need of health care a comprehensive system designed to meet the highest priority, health needs in each State. This would further the Administration's efforts to provide greater flexibility and control over health service programs. The present block grant is defective in content, not concept. We have proposed to remove the barriers to State acceptance of the block grant in section 7 of our draft bill.

We therefore recommend that S. 1282 not be favorably considered unless the primary care block grant is improved as we have proposed rather than abandoned.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report and that enactment of S. 1282 in its present form would not be consistent with the Administration's objectives.

Sincerely,

MARGARET M. HECKLER, *Secretary.*

VIII. Regulatory Impact Statement

Pursuant to Section 602 of Senate Resolution 4 concerning the regulatory impact of proposed legislation, the Committee provides the following evaluation of the anticipated additional paperwork and other regulatory impact that would result from the implementation of S. 1282.

The Committee has determined that there will be minimal increase in regulatory burden or paperwork imposed by this bill. However, some additional time and cost may be associated with the development, preparation and filing of state grant applications. This would be limited though, as this new authority requires reporting and application requirements which are identical or virtually identical to other block grant programs under Title XIX of the Public Health Service Act.

IX. Section-by-Section Analysis

SHORT TITLE

Section 1 cites the title of the bill as the "Primary Care Amendments of 1985."

REFERENCE

Section 2 provides that, except when otherwise indicated, an amendment or repeal contained in the bill is made to a section or other provision of the Public Health Service Act.

MEDICALLY UNDERSERVED POPULATION

Section 3 amends section 330(b) of the PHS Act by repealing the second through fifth sentences of paragraph (3); and by adding three new paragraphs. The first of these paragraphs (4), requires the Secretary to prescribe criteria for determining the specific shortages of personal health services of an area of population group. Such criteria shall—

(A) take into account comments from the chief executive officer of a State and local officials; and

(B) include infant mortality, other factors indicative of the health status of a population group or residents of an area, the ability of the residents or of a population group to pay for health services and their accessibility to them, and the availability of health professionals to residents of an area or to a population group.

The new paragraph (5) provides that the Secretary may not designate that a medically underserved population in a State or teriminate the designation of such a population unless, prior to such a designation of termination, the Secretary provides reasonable notice and opportunity for comment and consults with the chief executive officer of the State, local officials, and the State organization, if any, which represents a majority of community health centers in the State.

The new paragraph (6) provides that the Secretary may designate a medically underserved population that does not meet the criteria under the new paragraph (4) if the chief executive officer

and local officials recommend the designation based on unusual local conditions which are a barrier to access to or the availability of personal health services.

MEMORANDUM OF AGREEMENT

Section 4 amends section 330 by authorizing the Secretary, in carrying out section 330, to enter into a memorandum of agreement with a State. This memorandum may include, where appropriate, provisions permitting the State to—

(1) analyze the need for primary health services for medically underserved populations within the State;

(2) assist in the planning and development of new community health centers;

(3) review and comment upon annual program plans and budgets of community health centers, including comments on allocations of health care resources in the State;

(4) assist community health centers in the development of clinical practices and fiscal and administrative systems through a technical assistance plan which is responsive to the requests of community health centers; and

(5) share information and data relevant to the operation of new and existing community health centers.

AUTHORIZATION OF APPROPRIATIONS

Section 5 authorizes appropriations for grants under section 330 of $405 million for FY 1986, $437 million for FY 1987, and $472 million for FY 1988.

It also provides that, in any fiscal year, the Secretary could not expend (1) more than 5 percent of appropriations for grants to serve medically underserved populations which do not meet the designating criteria specified in law, as provided in the new subsection (b)(6); and (2) more than 5 percent of appropriations for grants to community health centers to enable them to provide health services on a prepaid basis.

STATE GRANTS FOR PRIMARY CARE RESEARCH, DEMONSTRATION, AND SERVICES

Section 6 repeals Part C of title XIX of the PHS Act (Primary Care Block Grant) and replaces it with a new program of State Grants for Primary Care Research, Demonstration, and Services.

The new section 1921 authorizes appropriations of $17.5 million for FY 1986, $20 million for FY 1987, and $23.5 million for FY 1988 for allotments to States for (1) improving access to primary health services for medically underserved populations; (2) improving the delivery of primary health services to medically underserved populations; particularly the effectiveness, efficiency, and quality of such services; (3) improving the health status of such populations, through reductions in the incidence of preventable diseases and illness and premature death, and the need for costly inpatient and long-term care services.

ALLOTMENTS

The new section 1922(a) provides that allotments will be made to the States on the basis of ratio of the total number of low-income persons residing in the State to the total number of low-income persons residing in all States. The allotment for each State, D.C., and Puerto Rico may not be less than one percent of the total amount appropriated in a fiscal year. The allotment for each of the Virgin Islands, Guam and the Trust Territories of the Pacific Islands may not be less than one-fourth of one percent of the total amount appropriated in a fiscal year. The allotment for each of the American Samoa and the Commonwealth of the Northern Mariana Islands may not be less than one-sixteenth of one percent of the total amount appropriated in a fiscal year.

Subsection (b) of section 1922 provides that is all of the funds appropriated for fiscal year and available for allotment are not allotted to States because one or more States have not applied for an allotment or some State allotments are offset or repaid, excess amounts will be allotted among each of the remaining States in proportion to the amount otherwise allotted to States.

The new subsection (c) of section 1922 provides for direct allotments to Indian tribes or tribal organization if the Secretary determines that the members of the tribe or organization would be better served by a direct grant. The amount of the direct grant would be based on the ratio of the number of low-income persons in the tribe to the number of low-income persons in the State.

PAYMENTS UNDER ALLOTMENTS TO STATES

The new section 1923 requires the Secretary to make payments to each State from its allotment from amounts appropriated in each fiscal year, as provided by section 6503(a) of title 31, United States Code.

Any amount paid to a State in a fiscal year and remaining unobligated at the end of the year shall remain available for the next year to the State if the Secretary determines that there is good cause for the funds remaining unobligated. If the amount remaining unobligated at the end of a year exceeds 20 percent of the State's allotment for the year, the amount of excess will not remain available for the following year, but will be returned to the Treasury and credited as miscellaneous receipts.

USE OF ALLOTMENTS

New section 1924 provides that States may use their allotments to—

(1) make grants to eligible entities to provide primary health services to medically underserved populations in the State; and

(2) conduct, or make grants for the conduct of, research, demonstrations, or the development of methods to evaluate—

(A) alternative systems of reimbursement for primary health services;

(B) new or innovative methods for the provision of primary health services;

(C) methods of attracting and retaining primary health service provides (including physicians, dentists, physician assistants, nurse practitioners, and other health professionals), both individually and as teams, to train and practice among medically underserved populations;

(D) different types of organizational models and relationships, including federations of providers of primary health services, designed to meet unique primary health and dental health service needs; and

(E) methods of reducing long-term institutional costs of improving service connections between providers of primary health services and home and community-based services; or

(F) such other matters which will enhance the availability or accessibility of primary health services.

States could not use their allotments for the administration of this program or of memoranda of agreement which they might enter into with the Secretary. States could not use less than 80 percent of their allotments for grants to provide primary care services. In addition, they would be required to use not more than 20 percent of their allotments for research and demonstrations, and not more than 10 percent of this amount for activities which are conducted directly by the State. If a State makes a grant for the provision of primary health services to a medically underserved population which is in the service area of a section 330 grantee, the State would be required to make the grant to this grantee.

States could not use their allotments to (1) provide inpatient services; (2) make cash payments to intended recipients of health services; (3) purchase or improve land, purchase, construct, or permanently improve (other than minor remolding) any building or other facility, or purchase major medical equipment except with special waiver; (4) satisfy any requirements for the expenditure of non-Federal funds as a condition for the receipt of Federal funds; or (5) provide financial assistance to any entity other than a public or nonprofit private entity.

This section also authorizes the Secretary to provide technical assistance to States in planning and operating activities to be carried out under this newly authorized grant program.

APPLICATION AND DESCRIPTION OF ACTIVITIES; REQUIREMENTS

New section 1925 requires States to submit an application for a grant. This application would be in the form and submitted by the date specified by the Secretary and would be required to contain assurances that the State legislature will hold hearings on the proposed use of its allotments (after the first fiscal year a State receives an allotment), and that the State—

(1) agrees to use its allotment in accordance with the requirements of this part;

(2) has identified the populations, areas, and localities in the State with a need for the primary health services for which funds may be provided by the State under this part;

(3) has established an appropriate mechanism to administer its allotments and to comply with the requirements of this part;

(4) will participate in the coordination of activities supported under this part with the activities of other providers of primary health services within the State (including entities which are recipients of grants under sections 329 and 330), to ensure that such activities are carried out in an effective manner and without duplication of effort;

(5) will establish, after providing reasonable notice and opportunity for the submission of comments, reporting requirements and reasonable criteria to evaluate the fiscal, managerial, and clinical performance of entities which receive grants under this program, and that for the purposes of compliance with this paragraph, the State will not require entities which are recipients of grants under this program and under section 329 or section 330 to comply with different reporting requirements and criteria than are required under section 329 or section 330, as the case may be; and

(6) agrees that allotments will be used to supplement and increase the level of State, local, and other non-Federal funds available for the activities conducted under this program and will in no event supplant such funding.

The Secretary may not prescribe for a State the manner of compliance with the requirements of this subsection.

The chief executive officer of a State would also be required to prepare a description of the intended use of the State's allotment, including—

(1) a description of the populations, areas, and localities in the State which the State has identified as needing primary health services;

(2) a statement of goals and objectives for meeting these needs;

(3) information on the activities to be supported and services to be provided with payments under this program;

(4) after the expiration of the first fiscal year in which the States received an allotment, a description of the criteria and methods that will be used by the State for the distribution of funds received under this program, and the relationship of such criteria and methods to the achievement of the purposes of this part; and

(5) the information and data which the State intends to collect respecting activities supported under this part.

States would be required to make descriptions of intended use of funds public so as to facilitate comment during the development of the description and after its transmittal. The description would also be revised throughout the year as may be necessary to reflect substantial changes in the activities supported with funds received under this program.

The allotment of funds to State would also be subject to many of the same general provisions governing the Preventive Health and Health Services Block Grant, including requirement for audits, evaluations by the Comptroller General, withholding, reductions in

allotments for in-kind assistance, nondiscrimination, and criminal penalties for false statements.

DEFINITIONS

The new section 1926 defines the following terms used in this part:

(1) "low-income persons" means those individuals and families whose income is below the official poverty line as defined by the Office of Management and Budget.

(2) "Indian tribe" and "Tribal organization" have the same meaning as provided by section 4(b) and section 4(c) of the Indian Self-determination and Education Assistance Act.

(3) "medically underserved population" has the meaning as given in section 330(b)(3) of the PHS Act.

(4) "primary health services" means the preventive, diagnostic, treatment, consultation, referral, and other services rendered, on an ambulatory basis, by a physician and, where feasible, by a physicians' assistant nurse practitioner. The term includes, at a minimum, access to routine associated laboratory services, diagnostic radiologic services, and emergency medical care.

MIGRANT HEALTH CENTERS

Section 7 of the bill amends section 329 of the PHS Act to extend the authorization of appropriations for migrant health centers for three years, at $50 million for FY 1986, $56 million for FY 1987, and $61 million for FY 1988.

REGULATIONS

Section 8 requires the Secretary, by the earliest possible date, but not later than June 30, 1986, to promulgate separate final regulations to carry out part C of title XIX of the PHS Act as added by this bill, taking into account the provisions of part C which are different from the provisions of parts A and B.

TECHNICAL AMENDMENT

Section 9 amends the migrant health authority to add that grants may be made under this program for the costs of repaying loans made by the Farmers Home Administration for buildings.

EFFECTIVE DATE

Section 10 specifies the effective date of the bill as October 1, 1985.

X. Change In Existing Law

In compliance with rule XXVI paragraph 12 of the Standard Rules of the Senate, the following provides a print of the statute or the part or section thereof to be amended or replaced (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

PUBLIC HEALTH SERVICE ACT

* * * * * * *

TITLE III—GENERAL POWERS AND DUTIES OF PUBLIC HEALTH SERVICE

PART A—RESEARCH AND INVESTIGATION

IN GENERAL

* * * * * * *

PART D—PRIMARY HEALTH CARE

Subpart I—Primary Health Centers

HOSPITAL-AFFILIATED PRIMARY CARE CENTERS

* * * * * * *

MIGRANT HEALTH

SEC. 329. (a) * * *

* * * * * * *

(d)(1) * * *

(2) The costs for which a grant may be made under paragraph (1)(A) may include the costs of acquiring and modernizing existing buildings (including the costs of amortizing the principal of, and paying the interest on, loans and the costs of repaying loans made by the Farmers Home Administration for buildings); and the costs for which a grant or contract may be made under paragraph (1) may include the costs of providing training related to the provision of primary health services, supplemental health services, and environmental health services, and to the management of migrant health center programs.

* * * * * * *

(h)(1) For the purposes of subsections (c), (d), and (e), there are authorized to be appropriated $43,000,000 for the fiscal year ending September 30, 1982, $47,500,000 for the fiscal year ending September 30, 1983, [and] $51,000,000 for the fiscal year ending September 30, 1984, *$50,000,000 for the fiscal year ending September 30, 1986, $56,000,000 for the fiscal year ending September 30, 1987, and $61,000,000 for the fiscal year ending September 30, 1988.* The Secretary may not obligate for grants and contracts under subsection (c)(1) in any fiscal year an amount which exceeds 2 per centum of the funds appropriated under this paragraph for that fiscal year, the Secretary may not obligate for grants under subsection (d)(1)(C) in any fiscal year an amount which exceeds 5 per centum of such funds, and the Secretary may not obligate for contracts under subsection (e) in any fiscal year an amount which exceeds 10 per centum of such funds.

(2) The Secretary may not expend in any fiscal year, for grants under this section to public centers (as defined in the second sentence of subsection (f)(3)) the governing boards of which (as de-

scribed in subsection (f)(3)(G)(ii)) do not establish general policies for such centers, an amount which exceeds 5 per centum of the funds appropriated under this section for that fiscal year.

COMMUNITY HEALTH CENTERS

SEC. 330 254c (a) * * *

* * * * * * *

(b) For purposes of this section:
(1) * * *

* * * * * * *

(3) The term "medically underserved population" means the population of an urban or rural area designated by the Secretary as an area with a shortage of personal health services or population group designated by the Secretary as having a shortage of such services. [In designating urban and rural areas for purposes of this paragraph, the Secretary shall take into account unusual local conditions which are a barrier to access to or the availability of personal health services. After the date of the enactment of part A of title XIX, the Secretary may not designate a medically underserved population or remove the designation of such a population unless the Secretary provides reasonable notice and opportunity for comment and consults with the chief executive office of the State in which the population is located and appropriate local officials. The Secretary shall prescribe criteria for determining the specific shortages of personal health services of an area or population group. Such criteria shall include infant mortality in an area or population group, other factors indicative of the health status of a population group or residents of an area, the ability of the residents of an area or of a population group to pay for health services and their accessibility to them, and the availability of health professionals to residents of an area or to a population group.]

(4) In carrying out paragraph (3), the Secretary shall by regulation prescribe criteria for determining the specific shortages of personal health services of an area or population group. Such criteria shall—

(A) take into account comments received by the Secretary from the chief executive officer of a State and local officials in a State; and

(B) include infant mortality in an area or population group, other factors indicative of the health status of a population group or residents of an area, the ability of the residents of an area or of a population group to pay for health services and their accessibility to them, and the availability of health professionals to residents of an area or to a population group.

(5) The Secretary may not designate a medically underserved population in a State or terminate the designation of such a population unless, prior to such designation or termination, the Secretary provides reasonable notice and opportunity for comment and consults with—

(A) the chief executive officer of such State;

(B) local officials in such State; and

(C) the State organization, if any, which represents a majority of community health centers in such State.

(6) The Secretary may designate a medically underserved population that does not meet the criteria established under paragraph (4) if the chief executive officer of the State in which such population is located and local officials of such State recommend the designation of such population based on unusual local conditions which are a barrier to access to or the availability of personal health services.

* * * * * * *

(f)(1) The Secretary may provide (either through the Department of Health, Education, and Welfare or by grant or contract) all necessary technical and other nonfinancial assistance (including fiscal and program management assistance and training in such management) to any public or private nonprofit entity to assist it in developing plans for, and in operating as, a community health center, and in meeting requirements of subsection (e)(2).

(2) The Secretary shall make available to each grant recipient under this section a list of available Federal and non-Federal resources to improve the environmental and nutritional status of individuals in the recipient's catchment area.

(g) In carrying out this section, the Secretary may enter into a memorandum of agreement with a State. Such memorandum may include, where appropriate, provisions permitting such State to—

(1) analyze the need for primary health services for medically underserved populations within such State;

(2) assist in the planning and development of new community health centers;

(3) review and comment upon annual program plans and budgets of community health centers, including comments upon allocations of health care resources in the State;

(4) assist community health centers in the development of clinical practices and fiscal and administrative systems through a technical assistance plan which is responsive to the requests of community health centers; and

(5) share information and data relevant to the operation of new and existing community health centers.

* * * * * * *

[(g)(1) There are authorized to be appropriated for payments pursuant to grants under subsection (c) ($5,000,000 for fiscal year 1976, $5,000,000 for the fiscal year ending September 39, 1977, $5,880,000 for the fiscal year ending September 30, 1978, $6,300,000 for the fiscal year ending September 30, 1979, $7,500,000 for the fiscal year ending September 30, 1980, and $9,000,000 for the fiscal year ending September 30, 1981.

[(2) There are authorized to be appropriated for payments pursuant to grants under subsection (d) $215,000,000 for fiscal year 1976, $235,000,000 for the fiscal year ending September 30, 1977, $256,840,000 for the fiscal year ending September 30, 1978, $341,700,000 for the fiscal year ending September 30, 1979, $397,500,000 for the fiscal year ending September 30, 1980, and $463,000,000 for the fiscal year ending September 30, 1981 and $280,000,000 for the fiscal year ending September 30, 1982. For authorizations for appropriations for fiscal years 1983 and 1984, see

section 1922. The Secretary may not expend for grants under subsection (d)(1)(C) in any fiscal year an amount which exceeds 5 per centum of the funds appropriated under this paragraph for that fiscal year.]

(i)(1) There are authorized to be appropriated for payments pursuant to grants under this section $405,000,000 for the fiscal year ending September 30, 1986, $437,000,000 for the fiscal year ending September 30, 1987, and $472,000,000 for the fiscal year ending September 30, 1988.

(2) The Secretary may not in any fiscal year—

(A) expend for grants to serve medically underserved populations designated under subsection (b)(6) an amount which exceeds 5 percent of the funds appropriated under this section for that fiscal year; and

(B) expend for grants under subsection (d)(1)(C) an amount which exceeds 5 percent of the funds appropriated under this section for that fiscal year.

* * * * * * *

TITLE XIX—BLOCK GRANTS

* * * * * * *

[PART C—PRIMARY CARE BLOCK GRANTS

[PLANNING GRANTS

[SEC. 1921 (a) The Secretary may make grants to any State to undertake planning and other administrative activities to enable the State to administer allotments provided to it under this part. The amount of any grant to a State shall be determined by the Secretary but may not exceed $150,000.

[(b) No grant may be made under subsection (a) unless an application therefore is submitted to, and approved by, the Secretary. Such an application shall be submitted in such form and manner and shall contain such information as the Secretary shall prescribe.

[(c) For grants under subsection (a), there are authorized to be appropriated $2,500,000 for fiscal year 1982.

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 1922. For allotments under section 1924 and for grants under section 330, there is authorized to be appropriated $302,500,000 for fiscal year 1983, and $327,000,000 for fiscal year 1984.

[GRANTS UNDER SECTION 330

[SEC. 1923. If a State does not submit an application for an allotment under section 1924 for a fiscal year or does not qualify for such an allotment for such fiscal year, the Secretary shall use funds appropriated under section 1922 to make grants under section 330 to community health centers within the State. Before making grants under section 330 for community health centers within a State the Secretary shall consult with the chief executive

officer of the State and with appropriate local officials. The amount of funds from appropriations under section 1922 which may be used for grants for a fiscal year under section 330 for community health centers shall be the amount remaining after allotments are make under section 1924 for such fiscal year.

[ALLOTMENTS

[SEC. 1924. (a) If a State submits an application under section 1927 for an allotment for a fiscal year and is determined by the Secretary to be eligible under such section for such an allotment, the Secretary shall allot to such State from the amount appropriated under section 1922 for such fiscal year an amount which bears the same ratio to the amount appropriated under section 1922 for that fiscal year as the amount granted for fiscal year 1982 by the Secretary to community health centers in the State under section 330 bore to the amount granted for that fiscal year by the Secretary under such section to centers in all States from appropriations for the fiscal year.

[(b)(1) If the Secretary—

[(A) receives a request from the governing body of an Indian tribe or tribal organization within any State that funds under this part be provided directly by the Secretary to such tribe or organization, and

[(B) determines that the members of such tribe or tribal organization would be better served by means of grants made directly by the Secretary under this part,

the Secretary shall reserve from amounts which would otherwise be allotted to such State under subsection (a) for the fiscal year the amount determined under paragraph (2).

[(2) The Secretary shall reserve for the purpose of paragraph (1) from amounts that would otherwise be allotted to such State under subsection (a) an amount equal to the amount which bears the same ratio to the State allotment for the fiscal year involved as the total amount granted for fiscal year 1982 by the Secretary to such tribe or tribal organization under section 330 bore to the total amount granted for such fiscal year by the Secretary to the State and entities (including Indian tribes and tribal organizations) in the Sate under section 330.

[(3) From the amount reserved by the Secretary on the basis of a determination under this subsection, the Secretary shall make grants under section 330 to the Indian tribe or tribal organization serving the individuals for whom such a determination has been made.

[(4) The terms "Indian tribe" and "tribal organization" have the same meaning given such terms in section 4(b) and section 4(c) of the Indian Self-Determination and Education Assistance Act.

[PAYMENTS UNDER ALLOTMENTS TO STATES

[SEC. 1925. (a)(1) For each fiscal year, the Secretary shall make payments, as provided by section 203 of the Intergovernmental Cooperation Act of 1968 (42 U.S.C. 4213), from amounts appropriated for allotments (other than any amount reserved under section

1924(b)) under section 1924(a) to each State which receives such an allotment.

[(2) Any amount paid to a State for a fiscal year and remaining unobligated at the end of such year shall remain available to such State for the purposes for which it was made for the next fiscal year if the Secretary determines that the State acted in accordance with section 1926(a)(1) and there is good cause for funds remaining unobligated.

[(b) The Secretary, at the request of a State, may reduce the amount of payments under subsection (a) by—

[(1) the fair market value of any supplies or equipment furnished to the State, and

[(2) the amount of the pay, allowances, and travel expenses of any officer or employee of the Government when detailed to the State and the amount of any other costs incurred in connection with the detail of such officer or employee,

when the furnishing of supplies or equipment or the detail of an officer or employee is for the convenience of and at the request of the State and for the purpose of conducting activities described in section 1926. The amount by which any payment is so reduced shall be available for payment by the Secretary of the costs incurred in furnishing the supplies or equipment or in detailing the personnel, on which the reduction of the payment is based, and the amount shall be deemed to be part of the payment and shall be deemed to have been paid to the State.

[GRANTS TO COMMUNITY HEALTH CENTERS

[SEC. 1926. (a)(1) In fiscal years 1983 and 1984 each State shall use for grants under paragraphs (2) and (3) the entire amount allotted to it under section 1924 for such fiscal year and the entire amount required to be made available under paragraph (4).

[(2) From the amounts paid to it under section 1925 for fiscal year 1983 and from the State funds required to be made available under paragraph (4) for such fiscal year, each State shall make grants to each community health center which received a grant for its operation under section 330(d) for fiscal year 1982 and which meets the requirements of this paragraph. A grant may be made under this paragraph to a community health center only—

[(A) if the center has made an application to the State in accordance with section 330(e), and

[(B) if the center meets the requirements for receiving a grant under section 330 for its operation.

The amount of a grant under this paragraph to a center shall be not less than the amount the center received under section 330(d) fiscal fiscal year 1982. If the State determines under subparagraph (B) that a community health center which has applied for a grant does not meet the requirements referred to in that subparagraph, the Secretary shall review the State's determination. If the Secretary finds that the center does not meet such requirements, the State may withhold a grant to the center under this paragraph.

[(3) In fiscal years 1983 and 1984, each State shall make grants to community health centers within the State which serve medically underserved populations and which meet the requirements of

this paragraph. A grant under this paragraph for fiscal year 1983 shall be made from any amount not obligated under paragraph (2) or (4) for such fiscal year, and a grant for fiscal year 1984 shall be made from the amounts paid to it under section 1925 for the fiscal year and from the State funds required to be made available under paragraph (4) for the fiscal year. A grant may be made under this paragraph to a community health center only—

[(A) if the center has made an application to the State in accordance with section 330(e), and

[(B) if the center meets the requirements for receiving a grant under section 330 for its operation.

The limitation prescribed by section 330(g)(3) shall apply with respect to grants under this paragraph. States shall make grants under this paragraph in such manner that medically underserved populations which have been served by community health centers and which are still medically underserved populations will continue to receive health care, and in making such grants a State shall not, to the extent practicable, disrupt established provider-patient relationships.

[(4)(A) In fiscal year 1983 a State which receives an allotment under section 1924 for that fiscal year shall make available, from State funds, for the grants described in paragraphs (2) and (3) and for State administrative expenses for such grants for such fiscal year an amount equal to 20 percent of its allotment. In fiscal year 1984 a State which receives an allotment under section 1924 for that fiscal year shall make available, from State funds, for the grants described in paragraphs (2) and (3) and for State administrative expenses for such grants for such fiscal year an amount equal to one-third of its allotment.

[(B) A state, at the request of a community health center, may reduce the amount of the State's contribution under subparagraph (A) to the center by—

[(i) the fair market value of any supplies or equipment furnished to the center, and

[(ii) the amount of the pay, allowances, and travel expenses of any officer or emploiyee of the State when detailed to the center and the amount of any other costs incurred in connection with the detail of such officer or employee,

when the furnishing of supplies or equipment or the detail of an officer or employee is for the convenience of and at the request of the center and for the purposes of activities centers assisted under this section. The amount by which any payment is so reduced shall be available for payment by the State of the costs incurred in furnishing the supplies or equipment or in detailing the personnel, on which the reduction of the payment is based, and the amount shall be deemed to be part of the payment and shall be deemed to have been paid by the State under subparagraph (A).

[(5) A State may not use any funds paid to it under section 1925 for the purposes of administration of the grants required by paragraphs (2) and (3).

[(6) For purposes of this part--

[(A) the term "community health center" has the same meaning as that term has under section 330(a), and

[(B) a medically underserved population is such a population designated by the Secretary under section 330(b)(3).

[(b) A State may not use amounts paid to it under section 1925 to—

[(1) provide inpatient services, except in fiscal year 1983 in the case of a community health center which used funds provided under section 330 for fiscal year 1982 to provide such services,

[(2) make cash payments to intended recipents of health services,

[(3) purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment,

[(4) satisfy any requiremnent for the expenditure of non-Federal funds as a condition for the receipt of Federal funds, or

[(5) provide financial assistance to any entity other than a public or nonprofit private community health center.

The Secretary may waive the limitation contained in paragraph (3) upon the request of a State if the Secretary finds that there are extraordinary circumstances to justify the waiver and that granting the waiver will assist in carrying out this part. The prohibition prescribed by this subsection (other than paragraph (4)) shall apply with respect to any amount required to be made available under subsection (a)(4).

[APPLICATION; ASSURANCES; DESCRIPTION OF ACTIVITIES

[SEC. 1927. (a) No State may receive an allotment for a fiscal year under section 1924(a) unless an application therefor has been submitted to and approved by the Secretary. Such an application shall be submitted before the beginning of the fiscal year for which the allotment applied for will be made. Each such application shall be in such form and submitted by such date as the Secretary shall require. Each such application shall contain assurances that the legislature of the State has complied with the provisions of subsection (b) and that the State will meet the requirements of subsection (c).

[(b) After the expiration of the first fiscal year in which a State receives an allotment under section 1924, no funds shall be allotted to such State for any fiscal year under such section unless the legislature of the State conducts public hearings on the proposed use and distribution of funds to be provided under section 1925 for such fiscal year.

[(c) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify that the State agrees—

[(1) to use the funds allotted to it under section 1924 in accordance with the requirements of section 1926; and

[(2) to eastablish, after providing reasonable notice and opportunity for the submission of comments, reasonable criteria to evaluate the fiscal, managerial, and clinical performance of community health centers; and

[(3) to establish procedural and substantive independent State review procedures relating to the failure by the State to provide funds for any such center and to the reduction of the funds paid to a community health center in fiscal year 1984 to an amount which is significantly less than the amount paid to the center by the State under section 1926 in fiscal year 1983.

The application of a State shall also contain assurances, satisfactory to the Secretary, that the State has the administrative capability to administer grants under section 1926, to determine the need for services of community health centers by medically underserved populations, and to evaluate the performance of community health centers.

[(d)(1) The chief executive officer of the State shall, as part of the application required by subsection (a), prepare and furnish to the Secretary (in accordance with such form as the Secretary shall provide) a description of the intended use of the payments the State will receive under section 1925 for that fiscal year and the funds the State is required to obligate under section 1926(a)(4) for that fiscal year.

[(2) The description required by paragraph (1) shall be made public within the State in such manner as to facilitiate comment from any person (including any Federal or other public agency) during development of the description and after its transmittal. The description shall be revised (consistent with this section) throughout the year as may be necessary to reflect substantial changes in the programs and activities assisted under this part, and any revision shall be subject to the requirements of the preceding sentence.

[REPORTS AND AUDITS

[Sec. 1928. (a)(1) Each State shall prepare and submit to the Secretary annual reports on its activities under this part. Such reports shall be in such form and contain such information as the Secretary determines (after consultation with the States and the Comptroller General) to be necessary (A) to determine whether funds were expended in accordance with sections 1926 and 1927(c), (B) to secure a description of the activities under this part, and (C) to secure a record of the purposes for which funds were spent, of the recipients of such funds and of the progress made toward achieving the purposes for which the funds were provided. Copies of the report shall be provided, upon request, to any interested person (including any public agency).

[(2) In determining the information that States must include in the report required by this subsection, the Secretary may not establish reporting requirements which are burdensome.

[(b)(1) Each State shall establish fiscal control and fund accounting procedures as may be necessary to assure the proper disbursal of and accounting for Federal funds paid to the State under section 1925.

[(2) Each State shall annually audit its expenditures from payments received under section 1925. Such State audits shall be conducted by an entity independent of any agency administering a program funded under this part and, to the extent practicable, in

accordance with the Comptroller's General standards for auditing governmental organizations, programs, activities, and functions. Within 30 days following the date each audit is completed, the chief executive officer of the State shall transmit a copy of that audit to the Secretary.

[(3) Each State shall, after being provided by the Secretary with adequate notice and opportunity for a hearing within the affected State, repay to the United States amounts found not to have been expended in accordance with the requirements of section 1926 or the certification and assurances provided under section 1927. If such repayment is not made, the Secretary shall, after providing the State with adequate notice and opportunity for a hearing, offset such amounts against the amount of any allotment to which the State is or may become entitled under section 1924.

[(4) The State shall make copies of the reports and audits required by this section available for public inspection within the State.

[(5) The Comptroller General of the United States shall, from time to time, evaluate the expenditures by States of grants under this part in order to assure that expenditures are consistent with the provisions of this part.

[(6) Not later than January 1, 1984, the Secretary shall report to the Congress on the activities of the States which have received funds under this part and may include in the report any recommendations for appropriate changes in legislation.

[WITHHOLDING

[SEC. 1929. (a)(1) The Secretary shall, after adequate notice and an opportunity for a hearing conducted within the affected State and subject to paragraphs (2) and (3) of this subsection, withhold funds from any State which does not use its allotment in accordance with the requirements of section 1926 or 1927. The Secretary shall withholding has been removed and there is reasonable assurance that it will not recur. If the Secretary withholds funds from a State for its failure to provide grants to community health centers in accorance with section 1926, the Secretary shall use the funds withheld to make such grants in accordance with such section.

[(2) The Secretary may not institute proceedings to withhold funds under this section unless the Secretary has conducted an investigation concerning whether the State has used its allotment in accordance with this part. Investigations required by this paragraph shall be conducted within the affected State by qualified investigators.

[(3) The Secretary may not withheld funds under this subsection from a State for a minor failure to comply with the provisions of this part.

[(4) The Secretary shall respond in an expeditious manner to complaints of a substantial or serious nature that a State has failed to use funds in accordance with the requirement of this part.

[(b)(1) The Secretary shall conduct in several States in each fiscal year investigations of the use of funds received by the States under this part in order to evaluate compliance with the requirements of this part.

[(2) The Comptroller General of the United States may conduct an investigation of the use of funds received under this part by a State in order to insure compliance with the requirements of this part.

[(c) A State shall make appropriate books, documents, papers, and records available to the Secretary or the Comptroller General of the United States, or any of their duly authorized representatives, for examination, copying, or mechanical reproduction on or off the premises of the appropriate entity upon a reasonable request therefor.

[(d)(1) In conducting any investigation, the Secretary or the Comptroller General of the United States may not request any information not readily available to such State or to any community health center which has received a grant under this part and may not make an unreasonable request for information to be compiled, collected, or transmitted in any form not readily available.

[(2) Paragraph (1) does not apply to the collection, compilation, or transmittal of data in the course of a judicial proceeding.

[NONDISCRIMINATION

[SEC. 1930. (a)(1) For the purpose of applying the prohibitions against discrimination on the basis of age under the Age Discrimination Act of 1975, on the basis of handicap under section 504 of the Rehabilition Act of 1973, on the basis of sex under title IX of the Education Amendments of 1972, or on the basis of race, color, or national origin under title VI of the Civil Rights Act of 1964, programs and activities funded in whole or in part with funds made available under this part are considered to be programs and activities receiving Federal financial assistance.

[(2) No person shall on the ground of sex or religion be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds made available under this part.

[(b) Wherever the Secretary finds that a State or an entity that has received a payment from an allotment to a State under section 1924 has failed to comply with a provision of law referred to in subsection (a)(1), with subsection (a)(2), or with an applicable regulation (including one prescribed to carry out subsection (a)(2), the Secretary shall notify the chief executive officer of the State and shall request him to secure compliance. If within a reasonable period of time, not to exceed sixty days, the chief executive officer fails or refuses to secure compliance, the Secretary may—

[(1) refer the matter to the Attorney General with a recommendation that an appropriate civil action be instituted,

[(2) exercise the powers and functions provided by title VI of the Civil Rights Act of 1964, the Age Discrimination Act of 1975, or section 504 of the Rehabilitation Act of 1973, as may be applicable, or

[(3) take such other action as may be provided by law.

[(c) When a matter is referred to the Attorney General pursuant to subsection (b)(1), or whenever he has reason to believe that a State or an entity is engaged in a pattern or practice in violation of a provision of law referred to in subsection (a)(1) or in violation of

subsection (a)(2), the Attorney General may bring a civil action in any appropriate district court of the United States for such relief as may be appropriate, including injunctive relief.

[CRIMINAL PENALTY FOR FALSE STATEMENTS

[SEC. 1931. Whoever—

[(1) knowingly and willfully makes or causes to be made any false statement or representation of a material fact in connection with the furnishing of items or services for which payment may be made by a State from funds allotted to the State under this part, or

[(2) having knowledge of the occurrence of any event affecting his initial or continued right to any such payment conceals or fails to disclose such event with an intent fraudulently to secure such payment either in a greater amount than is due or when no such payment is authorized,

shall be fined not more than $25,000 or imprisoned for not more than five years, or both.

[ADMINISTRATION

[SEC. 1932. (a) Title XVII of the Omnibus Budget Reconciliation Act of 1981 shall not apply with respect to the grant program authorized by this part.

[(b) The Secretary shall promulgate regulations governing the administration of this part. Such regulations shall take into account the distinctive features of the grant program authorized under this part.]

PART C—STATE GRANTS FOR PRIMARY CARE RESEARCH, DEMONSTRATION, AND SERVICES

PURPOSE; AUTHORIZATION OF APPROPRIATIONS

SEC. 1921. (a) For the purpose of—

(1) improving access to primary health services for medically underserved populations.

(2) improved the delivery of primary health services to medically underserved populations, particularly the effectiveness, efficiency, and quality of such services, and

(3) improving the health status of such populations, through reductions in—

(A) the incidence of preventable diseases and illnesses and premature death, and

(B) the need for costly inpatient and long-term care services, the Secretary shall make payments under allotments, in accordance with the provisions of this part, to States for the conduct of activities authorized by this part.

(b) For allotments under this part, there are authorized to be appropriated $17,500,000 for fiscal year 1986, $20,000,000 for fiscal year 1987, and $23,500,000 for fiscal year 1988.

ALLOTMENTS

SEC. 1922. (a)(1) Except as provided in paragraph (2), from the amounts appropriated under section 1921 for each fiscal year, the Secretary shall allot to each State an amount equal to the product of—

(A) the total amount appropriated for such fiscal year, multiplied by

(B) the ratio (stated as a percentage) that the total number of low-income persons residing in the State bears to the total number of low-income persons residing in the United States.

(2) Notwithstanding paragraph (1)—

(A) the total amount of the allotment for each of the several States, the District of Columbia, and Puerto Rico for each of the fiscal years 1986, 1987, and 1988 shall not be less than 1 percent of the total amount appropriated under section 1921 for such fiscal year;

(B) the total amount of the allotment for each of the Virgin Islands, Guam, and the Trust Territory of the Pacific Islands for each such fiscal year shall not be less than one-fourth of 1 percent of the total amount appropriated under section 1921 for such fiscal year; and

(C) the total amount of the allotment for each of American Samoa and the Commonwealth of the Northern Mariana Islands for each such fiscal year shall not be less that one-sixteeth of 1 percent of the total amount appropriated under section 1921 for such fiscal year.

(b) To the extent that all the funds appropriated under section 1921 for a fiscal year and available for allotment in such fiscal year are not otherwise allotted to States because—

(1) one or more States have not submitted an application or description of activities in accordance with section 1925 for such fiscal year;

(2) one or more States have notified the Secretary that they do not intend to use the full amount of their allotment; or

(3) some State allotments are offset or repaid under section 1906(b)(3) (as such section applies to this part pursuant to section 1925(e));

such excess shall be allotted among each of the remaining States in proportion to the amount otherwise allotted to such States for such fiscal year without regard to this subsection.

(c)(1) If the Secretary—

(A) receives a request from the governing body of an Indian tribe or tribal organization within any State that funds under this subpart be provided directly by the Secretary to such tribe or organization, and

(B) determines that the members of such tribe or tribal organization would be better served by means of grants made directly by the Secreary under this subpart,

the Secretary shall reserve from amounts which would otherwise be allotted to such State under subsection (a) for a fiscal year the amount determined under paragraph (2).

(2) The Secretary shall reserve for the purpose of paragraph (1) from amounts that would otherwise be allotted to such State under

subsection (a) an amount equal to the amount which bears the same ratio to the State's allotment for the fiscal year involved under subsection (a) as the total number of low-income persons in the tribe during such fiscal year bears to the total number of low-income persons residing in the State during such fiscal year.

(3) The amount reserved by the Secretary on the basis of a determination under this subsection shall be granted to the Indian tribe or trial organization serving the persons from whom such a determination has been made.

(4) In order for an Indian tribe or tribal organization to be eligible for a grant for a fiscal year under this subsection, it shall submit to the Secretary a plan for such fiscal year which meets such criteria as the Secretary may prescribe.

PAYMENTS UNDER ALLOTMENTS TO STATES

SEC. 1923. (a) For each fiscal year, the Secretary shall make payments, as provided by section 6503(a) of title 31, United States Code, to each State from its allotment under section 1922 from amounts appropriated for that fiscal year.

(b)(1) Except as provided in paragraph (2), any amount paid to a State for a fiscal year and remaining unobligated at the end of such year shall remain available for the next fiscal year to such State if the Secretary determines that there is good cause for such funds remaining unobligated.

(2) If the amount paid to a State under this part for a fiscal year which remains unobligated at the end of such fiscal year exceeds 20 percent of the amount allotted to such State under section 1922 for such fiscal year, the amount of such excess shall not remain available for the next fiscal year to such State under paragraph (1) and shall be returned to the Treasury and credited as miscellaneous receipts.

USE OF ALLOTMENTS

SEC. 1924. (a) Amounts paid to a State under section 1923 from its allotment under section 1922 may be used to—

(1) make grants to eligible entities to provide primary health services to medically underserved populations in the State; and

(2) conduct, or make grants for the conduct of, research, demonstrations, or the development of methods to evaluate—

(A) alternative systems of reimbursement for primary health services;

(B) new or innovative methods for the provision of primary health services;

(C) methods of attracting and retaining primary health service providers (including physicians, dentists, physician assistants, nurse practitioners, and other health professionals), both individually and as teams, to train and practice among medically underserved populations;

(D) different types of organizational models and relationships, including federations of providers of primary health services, designed to meet unique primary health and dental health service needs; and

(E) methods of reducing long-term institutional costs by improving service connections between providers of primary health services and home and community-based services; or

(F) such other matters which will enhance the availability or accessibility of primary health services.

(b)(1) A State may not use funds alloted under section 1922 for the purposes of administering this part or administering an agreement under section 330(g).

(2)(A) Of the amounts paid to a State under section 1923 for each fiscal year—

(i) not less than 80 percent shall be used to make grants under paragraph (1) of subsection (a); and

(ii) not more than 20 percent may be used to conduct, or to make grants for the conduct of, activities described in paragraph (2) of subsection (a).

(B) Not more than 10 percent of the amounts paid to a State under section 1923 for each fiscal year may be used for activities described in paragraph (2) of subsection (a) which are directly conducted by the State.

(3) If a State makes a grant under paragraph (1) of subsection (a) for the provision of primary health services to a medically underserved population which is in the service area (determined in accordance with section 330(e)(3)(I)) of an entity which is a recipient of a grant under section 330, the State shall make such grant to such entity.

(c) The Secretary may provide technical assistance to States in planning and operating activities to be carried out under this part.

(d) A State may not use amounts paid to it under section 1923 to—

(1) provide inpatient services;

(2) make cash payments to intended recipients of health services;

(3) purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment;

(4) satisfy any requirement for the expenditure of non-Federal funds as a condition for the receipt of Federal funds; or

(5) provide financial assistance to any entity other than a public or nonprofit private entity.

The Secretary may waive the limitation contained in paragraph (3) upon the request of a State if the Secretary finds that there are extraordinary circumstances to justify the waiver and that granting the waiver will assist in carrying out this part.

APPLICATION AND DESCRIPTION OF ACTIVITIES; REQUIREMENTS

SEC. 1925. (a) In order to receive an allotment for a fiscal year under section 1922 each State shall submit an application to the Secretary. Each such application shall be in such form and submitted by such date as the Secretary shall require. Each such application shall contain assurances that the legislature of the States has complied with the provisions of subsection (b) and that the State will meet the requirements of subsection (c).

(b) After the expiration of the first fiscal year in which a State receives an allotment under section 1922, no funds shall be allotted to such State for any fiscal year under such section unless the legislature of the State conducts public hearings on the proposed use and distribution of funds to be provided under section 1923 for such fiscal year.

(c) As part of the annual application required by subsection (a), the chief executive officer of each State shall certify that the State—

(1) agrees to use the funds allotted to it under section 1922 in accordance with the requirements of this part;

(2) has identified the populations, areas, and localities in the State with a need for the primary health services for which funds may be provided by the State under this part;

(3) has established an appropriate mechanism to administer grants to be made under section 1924, and to comply with the requirements of this part;

(4) will participate in the coordiantion of activities of other providers of primary health services within the State (including entities which are recipients of grants under sections 329 and 330), to ensure that such activities are carried out in an effective manner and without duplication of effort;

(5) will establish, after providing reasonable notice and opportunity for the submission of comments, reporting requirements and reasonable criteria to evalaute the fiscal, managerial, and clinical performance of entities which receive grants under section 1924;

(6) will not require, for purposes of compliance with paragraph (5), entities which are recipients of grants under section 1924 and under section 329 or section 330 to comply with different reporting requirements and criteria than are required under section 329 or section 330, as the case may be; and

(7) agrees that Federal funds made available under section 1923 for any period will be so used as to supplement and increase the level of State, local, and other non-Federal funds that would in the absence of such Federal funds be made available for the programs and activities for which funds are provided under that section and will in no event supplant such State, local, and other non-Federal funds.

The Secretary may not prescribe for a State the manner of compliance with the requirements of this subsection.

(d)(1) The chief executive officer of a State shall, as part of the application required by subsection (a), also prepare and furnish the Secretary (in accordance with such form as the Secretary shall provide) with a description of the intended use of the payments the State will receive under section 1923 for the fiscal year for which the application is submitted, including——

(A) a description of the populations, areas, and localities in the State which the State has identified as needing primary health services;

(B) a statement of goals and objectives for meeting the needs identified pursuant to subparagraph (A);

(C) information on the activities to be supported and services to be provided with payments under this part;

(D) after the expiration of the first fiscal year in which the State received payments under section 1923, a description of the criteria and methods that will be used by the State for the distribution of payments under such section, and the relationship of such criteria and methods to the achievement of the purposes of this part; and

(E) the information and data which State intends to collect respecting activities supported under this part.

(2) The description required by paragraph (1) shall be made public within the State in such manner as to facilitate comment from any person (including any Federal or other public agency) during development of the description and after its transmittal. The description shall be revised (consistent with this section) throuhout the year as may be necessary to reflect substantial changes in the programs and activities assisted by the State under this part, and any revision shall be subject to the requirements of the preceding sentence.

(e) Except where inconsistent with the provisions of this part, the provisons of section 1903(b), section 1906(a), paragraphs (1) through (5) of section 1906(b), section 1906(c), and sections 1907, 1908, and 1909 shall apply to this part in the same manner as such provisions apply to part A of this title.

DEFINITIONS

SEC. 1926. As used in this part:

(1) The term "low income person" refers to those individuals and families whose income is determined to be below the official poverty line as defined by the Office of Management and Budget and revised annually in Block Grant Act.

(2) The terms "Indian tribe" and "tribal organization" have the same meaning given such terms in section 4(b) and section 4(c) of the Indian Self-Determination and Education Assistance Act.

(3) The term "medically underserved population" has the meaning given to such term by section 330(b)(3).

(4) The term "primary health services" means the preventive, diagnostic, treatment, consultation, referral, and other services rendered, on an ambulatory basis, by a physician and, where feasible, by a physicians' assistant or nurse practitioner. Such term includes, at a minimum, access to routine associated laboratory services, diagnostic radiologic services, preventive health services, and emergency medical care.

(5) The term "eligible entity" means a public or nonprofit private entity capable of providing primary health services to medically underserved populations.

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